

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 TRSE-00 OMB-01 IO-13

ACDA-07 PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 /089 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 6259

INFO USMISSION USBERLIN

AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MADRID

USMISSION NATO BRUSSELS

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E.O. 11652: N/A

TAGS: EAIR, WB, GW

SUBL: CIVAIR - FUTURE OF AEROAMERICA

REF: A. 76 BONN 20158; B. 76 BONN 19193

1. HEINZ MATHUS, AEROAMERICA VICE PRESIDENT FOR EUROPEAN SALES CALLED ON CAA MARCH 4 TO DISCUSS FINANCIAL SITUATION OF AEROAMERICA. HE WAS QUESTIONED AT LENGTH ABOUT INDICATIONS THAT RUDI HAHN, AEROAMERICA VICE PRESIDENT FOR GERMANY HAD GIVEN TO GEORGE WERTENBAKER US ADMINISTRATOR FOR AERONAUTICS IN BERLIN (BEING REPORTED BY US BERLIN) THAT BECAUSE OF FINANCIAL DIFFICULTIES THE AIRLINE WOULD BE UNABLE TO MEET ITS CONTRACT TO FLY SUMMER PROGRAM OF CHARTERS FOR BERLINER FLUG RING AGENCY.

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2. MATHUS CLAIMED THAT AEROAMERICA WAS IN REASONABLY GOOD SHAPE FINANCIALLY AND WELL ABLE TO MEET ITS COMMITMENTS. HE SAID THAT THE AIRLINES FINANCES HAD IMPROVED GREATLY SINCE LAST FALL, AND WHILE HE WAS STILL "CONCERNED" ABOUT FINANCES HE WAS NOT "WORRIED." HE AD-

MITTED THAT SOME OF AEROAMERICA'S EARNINGS FROM BERLIN HAD GONE TO SUPPORT ITS AIR EGYPT OPERATION, BUT CLAIMED HE HAD INSISTED ON AND MADE AEROAMERICA SEATTLE ACCEPT THAT HE WOULD NOT REMIT FUNDS BEYOND WHAT LEFT HIM WITH A NECESSARY RESERVE TO SUPPORT BERLIN OPERATIONS. AT PRESENT, MATHUS SAID, HE HAD THREE 720S READY TO GO AND WOULD RECEIVE A FOURTH IN MID-MAY. THIS WOULD PROVIDE SUFFICIENT CAPACITY FOR ALL EXPECTED OPERATION PLUS ONE BACK-UP AIRCRAFT.

3. HE SAID THAT RUDI HAHN WAS ON LEAVE AND APPARENTLY HAD NO KNOWLEDGE THAT HAHN WAS GOING TO SEATTLE TO DISCUSS AEROAMERICA'S FINANCIAL PROBLEMS WITH THE HEAD OFFICE AS HAHN HAD REPORTED TO WERTENBAKER.

4. COMMENT: IT IS HARD TO JUDGE HOW FRANK MATHUS WAS BEING. WE HAVE FOUND IN THE PAST THAT WHILE HE DID NOT LIE ABOUT THE FIRM'S FINANCIAL PROBLEMS, HE ALSO DID NOT VOLUNTEER AS MUCH INFORMATION AS HE MIGHT HAVE. OUR IMPRESSION IS THAT AEROAMERICA CAN GET ALONG ON ITS BERLIN OPERATIONS SO LONG AS THE HEADQUARTERS DOES NOT DRAW TOO HEAVILY FROM BERLIN TO MEET COMMITMENTS IN OTHER PLACES. THE FACT THAT BERLINER FLUG RING A REPUTEDLY SHARP AND TOUGH FIRM WAS AWARE OF AEROAMERICA'S DIFFICULTIES LAST LIMITED OFFICIAL USE

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YEAR BUT STILL APPARENTLY WAS WILLING TO GO ALONG WITH AEROAMERICA FOR ANOTHER SEASON WOULD SEEM TO INDICATE A REASONABLE DEGREE OF SOUNDNESS. WE WERE TOLD BY A KNOWLEDGEABLE SOURCE THAT AEROAMERICA'S CONTRACT WAS NOT AIRTIGHT AND PROBABLY COULD HAVE BEEN BROKEN. WE PLAN TO TALK WITH RUDI HAHN ON HIS RETURN FROM SEATTLE. IN THE MEANTIME UNLESS THERE IS FURTHER EVIDENCE OF A CRISIS, WE PLAN TO TAKE NO ACTION. CASH

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